

Items of General Interest

Announcement 98-84

Changes to Forms W-2 and W-3 Delayed Until Tax Year 2000

Background In Announcement 98-55, 1998-26 I.R.B. 41, the IRS asked for comments on proposed changes to Form W-2, Wage and Tax Statement, and Form W-3, Transmittal of Wage and Tax Statements. These changes had been proposed for the 1999 forms to be filed in 2000.

Changes Will Be Delayed Based on comments and suggestions received in response to Announcement 98-55, the IRS will postpone making major revisions to Forms W-2 and W-3 until tax year 2000; that is, the year 2000 forms filed in 2001. However, see the changes to the 1999 forms noted below.

The Service is delaying implementation to adequately consider all comments received and to give the payroll industry sufficient time to prepare for the changes. Many employers voiced concerns that changes to Forms W-2 and W-3 would hinder efforts to update systems for the year 2000 date change.

1999 Forms W-2 and W-3 The 1999 Forms W-2 and W-3 will remain the same size and retain the same format as the 1998 forms. However, the following changes will be made:

- The use of Form W-2, box 12, "Benefits included in box 1," will be optional. However, employers must continue to report the lease value of a vehicle provided to an employee either in box 12 or in a separate statement to the employee.
- Form W-3 will be a single copy with separate instructions provided in the "Instructions for Forms W-2 and W-3." The second page, "YOUR COPY," is eliminated.

2000 Forms W-2 and W-3 The IRS plans to announce and request comments on proposed changes to the year 2000 Forms W-2 and W-3 early in 1999.
